

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY BERN

UNCLAS STATE 205246

E.O. 11652: N.A.

TAGS: EINV, EEW, SZ

SUBJECT: U.S. INVESTMENTS LENDING TO EASTERN EUROPE

REF: BERN 3421

1. ALBANIA, BULGARIA, CZECHOSLOVAKIA, AND THE GERMAN
DEMOCRATIC REPUBLIC PROHIBIT FOREIGN DIRECT INVESTMENT
WITHIN THEIR TERRITORY. HUNGARY, POLAND, ROMANIA, AND
YUGOSLAVIA PERMIT LIMITED PARTICIPATION BY FOREIGNERS
IN JOINT VENTURES IN THEIR TERRITORY.

2. PRIVATE DIRECT U.S. INVESTMENT IN EASTERN EUROPE,
EXCLUDING YUGOSLAVIA, HAS SO FAR RESULTED IN ONE
JOINT VENTURE BY CONTROL DATA CORPORATION IN ROMANIA (1974)
AND ONE BY CORNING INTERNATIONAL IN HUNGARY (1975).
SINCE THE MAY 1976 DECREE PERMITTING ESTABLISHMENT OF
"MIXED CAPITAL COMPANIES" BY FOREIGNERS IN POLAND, U.S.
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FIRMS HAVE NOT PARTICIPATED IN A VENTURE OF THIS KIND
IN POLAND. MATERIALS CONCERNING THE ORGANIZATION AND
STRUCTURE OF JOINT VENTURES IN THESE THREE COUNTRIES
IS BEING SENT AIR POUCH.

3. A LIST OF U.S. JOINT VENTURES IN YUGOSLAVIA AS OF
1974 (THE MOST RECENTLY AVAILABLE INFORMATION) IS ALSO

BEING POUCHED.

4. INFORMATION ON LENDING BY U.S. PRIVATE COMMERCIAL BANKS TO EASTERN EUROPEAN BORROWERS DURING THE LAST FIVE YEARS IS NOT AVAILABLE ON A COUNTRY BY COUNTRY BASIS. A COPY OF THE JULY 1977 U.S. "TREASURY BULLETIN CONTAINING THE AVAILABLE INFORMATION ON CURRENT CLAIMS ON FOREIGNERS BY U.S. BANKS IS BEING POUCHED. HOWEVER, EVEN THE BULLETIN DOES NOT COMPLETELY DISAGGREGATE THESE CLAIMS BY COUNTRY FOR EASTERN EUROPE, NOR IS IT POSSIBLE TO DETERMINE FROM PAST ISSUES OF THE BULLETIN WHAT THE TOTAL AMOUNT OF LOANS EXTENDED BY U.S. COMMERCIAL BANKS TO EASTERN EUROPEAN BORROWERS WAS DURING THE PERIOD.

5. ONLY POLAND, ROMANIA, AND YUGOSLAVIA ARE CURRENTLY ELIGIBLE FOR USG-SUPPORTED LOANS (EXPORT CREDITS) FROM THE EXPORT-IMPORT BANK OF THE U.S. (EXIMBANK) AND USDA,S COMMODITY CREDIT CORPORATION (CCC). A COPY OF EXIMBANK'S "CUMULATIVE RECORDS" THROUGH JUNE 30, 1974, AND THE 1975 AND 1976 ANNUAL REPORTS, WHICH CONTAIN INFORMATION ON AUTHORIZATIONS TO EASTERN EUROPE, ARE BEING POUCHED. TOTAL CCC CREDITS EXTENDED IN SUPPORT OF EXPORTS OF U.S.-ORIGIN AGRICULTURAL COMMODITIES UTILIZED BY POLAND FOR THE PERIOD JULY 1, 1972, THROUGH JULY 31, 1977, TOTALLED \$343 MILLION, WITH \$94.7 MILLION FOR ROMANIA, AND \$58.9 MILLION FOR YUGOSLAVIA.
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6. ROMANIA AND YUGOSLAVIA ARE THE ONLY TWO EASTERN EUROPEAN COUNTRIES ELIGIBLE FOR FINANCING FROM THE USG-SUPPORTED OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC). TO DATE, OPIC HAS NOT EXTENDED LOANS TO EITHER OF THESE COUNTRIES. CHRISTOPHER

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